

**Premium Refunds, Credits and Reductions in Response to COVID-19 Pandemic**  
**Explanatory Memorandum**  
**Esurance Property and Casualty Insurance Company (0008-30210)**

On behalf of Esurance Property and Casualty Insurance Company, please accept our report for mandated premium refunds or credits for private passenger automobile insurance. Please consider this memorandum and all supporting documentation submitted to the Department as confidential, proprietary, trade secret information, not subject to public disclosure.

Esurance has provided the relief mandated by Bulletin 2020-03 by 8/11/2020 deadline (no later than 120 days after the date of the Bulletin on 4/13/2020) as follows. On 4/6/2020, our parent company Allstate announced an initial Shelter-in-Place Payback (SIPP) of 15% on private passenger auto monthly premium for March and April. We took swift action based upon information showing a decline in driving following the issuance of emergency orders and the resulting change in behavior as people shelter in place. The payment recognized that the shelter orders were impacting miles driven and the number of auto accidents.

California customers received an estimated \$8.8 million for March and April. Those payments have been completed for California policyholders in the Esurance Property and Casualty Insurance Company with active policies in force as of 3/31/2020 and 4/30/2020. California customers with private passenger auto policies in force on 3/31/2020 received an estimated \$4.4 million in April and California customers with private passenger auto policies in force on 4/30/2020 received an estimated \$4.4 million in May.

On 05/15/2020, CDI issued Bulletin 2020-04 extending the premium relief through the end of May. A 15% credit of monthly premium will be posted in June for California private passenger auto policies in force on 05/31/2020 in Esurance Property and Casualty Insurance Company. This June payment will also apply to motorcycle policies in force on 05/31/2020. California customers are estimated to receive \$4.5 million for May.

In addition to the shelter payback, Esurance put a temporary moratorium on all cancellations for non-payment of premium and is waiving all late fees from 03/16/2020 to 07/14/2020. In addition, we have been providing a 60-day payment grace period for impacted customers through a special payment plan pursuant to the Insurance Commissioner's notices dated on 3/18/2020 and 5/15/2020. We have also been temporarily extending the coverage to delivery of food, medicine or other goods while a statewide Emergency Order is in effect related to the COVID-19 pandemic. All of these accommodations provide relief to customers.

The Shelter-in-Place order produced a depressed rate of driving and corresponding frequency of accidents. However, we are also seeing an increased claim severity. In addition, the temporary moratorium of cancellations due to non-payment of premium and the special payment plan offering is projected to result in higher uncollectable premiums. Reviewing all of the data, the 15% SIPP is supported by these various factors. Please refer to Exhibit 1 for the SIPP justifications based on Esurance California data.